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MSINGA

LOCAL MUNICIPALITY

FINANCIAL STATEMENTS

2004/2005

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GENERAL INFORMATION

MEMBERS OF THE TOWN COUNCIL AND EXECUTIVE COMMITTEE :

MAYOR	:	CLLR	SB Majola
DEPUTY MAYOR	:	CLLR	ZR Sithole
SPEAKER	:	CLLR	SG Masimula
EXCO MEMBERS	:	CLLR	SL Dlamini
		CLLR	FS Mkhize
		CLLR	FJ Sikhakhane
		CLLR	LD Ngubane

GRADING OF LOCAL AUTHORITY

GRADE 2

AUDITORS

AUDITOR-GENERAL : KWAZULU-NATAL

BANKERS

ABSA BANK

REGISTERED OFFICE

Shop 18-20
Ithala Bank
TUGELA FERRY

P O BOX 329
TUGELA FERRY
3010

TELEPHONE: (033) 493 0761
FAX : (033) 493 0766

MUNICIPAL MANAGER

F B SITHOLE

FINANCIAL DIRECTOR

J S PANSEGROUW

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 11 to 29 were approved by the Chief Executive Officer / Town Clerk on 29/04/ 2005 and presented to and approved by the Council on



F B SITHOLE
MUNICIPAL MANAGER



J S PANSEGROUW
DIRECTOR: FINANCE

FOREWORD

AUDITOR'S REPORT

TOWN TREASURER'S REPORT

GENERAL REVIEW

The year under review saw greater involvement in Local Authority administration by Provincial authorities, namely the Department of local Government and Development Planning.

The intervention by the Provincial Authorities is all in terms of the Local Government Transition Act Second Amendment 1996. Section 10(G) of this Act covers various financial aspects and places an additional burden on the administration of this department. A strong emphasis is placed on transparency and these statements are also intended to reflect this from a financial point of view.

The financial statements reflect that the council is in a sound financial position.

1. OPERATING RESULTS

1.1 The detail of the operating results can be found in *Appendices C and D* to these financial Statements. The overall results for the financial year ended 30 June 2005 are as follows:

INCOME	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
(DEFICIT)/SURPLUS AT BEGINNING OF THE YEAR	6 016 469	9 511 387	58.09	9 511 387	-
CORRECTIONS I.R.O. PREVIOUS YEAR'S TRANSACTIONS AND ADJUSTMENTS	1 230 525	2,182,568	77.37	1 295 400	68.48
OPERATING INCOME FOR THE YEAR	17 238 559	20 915 263	21.3	19 747 000	(5.91)

EXPENDITURE	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
OPERATING EXPENDITURE FOR THE YEAR	14 974 166	18,296,306	18.15	19 745 913	(7.34)
SURPLUS / (DEFICIT) AT YEAR END	9 511 387	14 312,912	66.45	9 512 474	50.46

The original budgeted surplus was R 1 087. The actual operating results reflect a surplus of R 2,618,955. Operating income exceeded the budget income by R 1 168 263, whilst expenditure was R 1 449 607 less than the budgeted expenditure of R 19 745 913.

1.2 Financial Statistics

	<u>2005</u> %	<u>2004</u> %
<u>Expenditure</u>		
Personnel Cost	34	36
General Expenditure	52	49
Repairs and Maintenance	1	1
Depreciation Expenses	9	8
Contributions	4	6

1.3 Reconciliation of Budget to Actual

	<u>R</u>
Budget surplus before appropriations	1 087
Revenue variances	1 168 263
Expense variances:-	
Personnel cost	(539 843)
General expenses	(736 960)
Repairs and maintenance	(139 517)
Provision for depreciation	483 339
Contribution	(509 216)
Actual surplus before appropriation	2 618 955

1.4 Financial forecast for the forthcoming year

A summary of the 2006 Operating Budget follows

	<u>Budget</u> <u>2006</u>	<u>Actual</u> <u>2005</u>
Rates and General Services	3087	2 618 955
Water Services	_____	_____
Surplus before appropriation	3 087	2 618 955

2. RATES AND GENERAL SERVICES

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
INCOME	17 123 757	20 915 263	-	19 747 000	5.58
EXPENDITURE	14 317 705	18 296 306	-	19 029 663	(3.85)
SURPLUS/(DEFICIT)	2 806 052	2 618 955	-	717 337	365

Incorporated under the heading 'Rates and General Services' are: Community Services, Subsidised Services and Economic Services. (See 'Appendix C').

3. TRADING SERVICES

3.1 WATER

	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	ESTIMATE 2005 R	VARIANCE ACTUAL ESTIMATE %
INCOME	114 800	-	100	-	100
EXPENDITURE	656 459	-	100	716 250	100
SURPLUS/(DEFICIT)	(541 659)	-	100	(716 250)	100

4. CAPITAL EXPENDITURE AND FINANCING

4.1 A summary of the 2006 Capital Budget is as follows:-

	Budget 2006	Actual 2005
Community Services	6 925 000	2 951 573
Subsidised Services		(5 353)
Economic Services		(327 263)
Trading Services	-	-

4.2 The following fixed assets were purchased during the period under review:

CAPITAL EXPENDITURE ACCORDING TO TYPE	ACTUAL 2005 R	ESTIMATE 2005 R	ACTUAL 2004 R
LAND	-	-	-
FENCING	-	2 729 000	567 467
BUILDINGS	2 238 888	3 680 000	653 905
AIR CONDITIONERS	-	-	-
PLANNING	-	-	-
CONSTRUCTION WORKS	1 628 827	1 280 000	5 475 997
SEWER NETWORKS	-	-	-
RETICULATION - WATER	-	-	-
SEWER MAINS	-	-	-
FURNITURE	14 113	-	126 520
OFFICE & ACCOUNTING MACHINES	406 314	252 500	249 983
TOOLS	26 667	-	-
MACHINERY	-	-	18 400
VEHICLES & TRACTORS	229 905	1 250 000	1 112 661
SPECIALISED VEHICLES	-	-	-
CELL PHONES & RADIOS	-	-	-
NOT ALLOCATED	-	-	-
	4 544 714	9 182 500	8 203 933

The capital expenditure was financed from the following sources:

	ACTUAL 2005 R	ESTIMATE 2005 R	ACTUAL 2004 R
KZNPA INFO TECHNOLOGY GRANT	47 393	-	5 905 495
INFRASTRUCTURE GRANT	-	-	-
KZNPA TOURISM GRANT	240 977	7 420 000	1 564 375
EQUITABLE SHARE	3 687 718	1 762 500	734 063
TRANSITIONAL GRANT	568 626	-	-
	4 544 714	9 182 500	8 203 933

5. **INVESTMENTS AND CASH**

Investments are made in accordance with the provisions of the Local Authorities Ordinance No. 25 of 1974. Interest accrued at 30 June 2005 on all investments was brought to account.

6. **FUNDS AND RESERVES**

Information regarding funds and reserves is disclosed in notes 1 and 2 to the financial statements.

7. **DEBTORS**

As at the close of business on 30 June 2005 the total amount for outstanding debtors was R 3 650 246. A provision for bad debts was created and an amount of R 3 648 466 was transferred to the provision account (refer Note 7 to the "Financial Statements").

8. **VALUE ADDED TAX**

The system in use is operated on the " payment basis". Proportional VAT is claimed on expenditure indirectly incurred in respect of vatable services.

9. **CONSUMER DEPOSITS**

Discrepancies between debtors deposit listings (R 7 235) and the debtors deposit control account (R 7 685) exist and will be corrected during 2004/2005 financial year. This note applies to 2003/2004.

10. **BANK RECONCILIATION**

Bank reconciliations were not performed for every month. An annual reconciliation was done at year- end.

11. **SUNDRY CREDITORS**

Sundry creditors are dealt with in accordance with the "*accruals principle*". Amounts in respect of "*special funds*" and which can not be classified as "*reserves or provisions*" as well as sundry deposits held for various purposes are treated as sundry creditors. (Refer Note 9 to the financial statements)

12. **INVENTORY**

The council operates on a direct purchase basis and does therefore not administer an inventory system.

WORD OF THANKS

The Mayor, the Chairman and members of the Executive Committee, Councillors, the Chief Executive Officer and Departmental Heads are thanked for the support they have given to the staff of the Treasury Department.

Finally, a special word of thanks to the staff of the Treasury Department for their efforts to prepare these financial statements.



DIRECTOR: FINANCE

BALANCE SHEET AS AT 30 JUNE 2005

	<u>NOTES</u>	<u>2005</u>	<u>2004</u>
<u>CAPITAL EMPLOYED</u>			
STATUTORY FUNDS	1	689,004	689,004
NON-DISTRIBUTABLE RESERVES	2	21,927,091	20,667,187
DISTRIBUTABLE RESERVES		14,312,912	9,511,387
UNAPPROPRIATED SURPLUS		14,312,912	9,511,387
CONSUMER DEPOSITS	3	-	7,685
TOTAL		36,929,007	30,875,263
<u>EMPLOYMENT OF CAPITAL</u>			
PROPERTY, PLANT AND EQUIPMENT	4	15,230,231	15,609,222
INVESTMENTS	5	26,478,417	13,449,747
LONG TERM DEBTORS	6	452,405	504,292
NETT CURRENT ASSETS/[LIABILITIES]		(5,232,046)	1,312,002
CURRENT ASSETS		4,246,954	8,071,166
DEBTORS	7 & 8	1,699,863	1,219,688
CASH RESOURCES		2,547,091	6,851,478
CURRENT LIABILITIES		9,479,000	6,759,164
PROVISIONS		292,374	256,334
CREDITORS	9	9,186,626	6,502,830
TOTAL		36,929,007	30,875,263

INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2005

	<u>NOTE</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>
		ACTUAL	BUDGET	ACTUAL
RATES AND GENERAL SERVICES		2,618,955	717,337	2,806,052
WATER SERVICE		-	(716,250)	(541,659)
NET SURPLUS FOR THE YEAR	12	2,618,955	1,087	2,264,393
EXTRAORDINARY ITEMS		-	-	-
NET SURPLUS BEFORE APPROPRIATIONS		2,618,955		2,264,393
ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR		9,511,387		6,016,469
APPROPRIATIONS FOR THE YEAR				
PREVIOUS YEAR ADJUSTMENTS		411,241		
TRANSFER TO PROVISIONS				
TRANSFER FROM NON DISTRIBUTABLE RESERVES		1,771,329		1,230,525
ACCUMULATED SURPLUS AT THE END OF THE YEAR		14,312,912		9,511,387

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2005

	NOTE	<u>2005</u>	<u>2004</u>
CASH FLOW FROM OPERATING ACTIVITIES			
CASH RECEIPTS FROM RATEPAYERS, GOVERNMENT AND OTHER		21,293,500	17,689,354
CASH PAID TO SUPPLIERS AND EMPLOYEES		(15,334,612)	(13,272,329)
CASH GENERATED FROM(UTILISED ON) OPERATIONS	15	<u>5,958,888</u>	<u>4,417,025</u>
INTEREST RECEIVED		1,078,595	1,273,968
NET CASH FROM OPERATING ACTIVITIES		<u>7,037,483</u>	<u>5,690,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	14	(4,544,714)	(8,203,932)
RECEIPTS FROM (ADVANCES TO) LONG TERM DEBTORS		51,887	(172,799)
NET CASH FROM INVESTING ACTIVITIES		<u>(4,492,827)</u>	<u>(8,376,731)</u>
CASH FLOWS FROM FINANCE ACTIVITIES			
OTHER CAPITAL RECEIPTS		6,187,313	9,188,930
DECREASE IN CONSUMER DEPOSITS		(7,685)	
NET CASH FROM FINANCE ACTIVITIES		<u>6,179,628</u>	<u>9,188,930</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16	<u>8,724,284</u>	<u>6,503,192</u>

ACCOUNTING POLICY

1. BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform with the Generally Accepted Municipal Accounting Principles.
- 1.2 The financial statements have been prepared on the historical cost basis.

2. INVESTMENTS

- 2.1 Investments are stated at cost, less amounts written off.
- 2.2 Investments are written down to give recognition to a permanent decline in value.

3. PROPERTY, PLANT AND EQUIPMENT

- GAMAP 113

- 3.1 Property, which includes investment properties, plant and equipment is stated at cost, less accumulated depreciation.
- 3.2 Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.
- 3.3 Heritage assets, defined as culturally significant resources, are not depreciated.
- 3.4 Depreciation is calculated on cost, using the straight line method over the estimated useful lives of the assets. The depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>		<u>Years</u>
Infrastructure	10 – 15	Other	
Roads and paving	10	Buildings	30
Water	20	Specialist vehicles	7
Sewerage	20	Other vehicles	7
Housing	30	Office equipment	5
		Furniture and fittings	10
		Bins and containers	5
		Plant and equipment	5 - 7

ACCOUNTING POLICY (continued)

	<u>Years</u>		<u>Years</u>
<i>Community</i>		<i>Investment Properties</i>	30
Improvements	30		
Recreational Facilities	20 – 30		
Security	5		

4. RETIREMENT BENEFITS

- GAMAP 110

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating local authorities.

5. REVENUE RECOGNITION

- GAMAP 106

- 5.1 Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis.
- 5.2 Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.
- 5.3 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 5.4 Revenue arising from the application of the approved tariff of charges is generally when the relevant service is rendered.

-
- 5.5 Interest and rentals are recognised on a time proportion basis that takes into account the effective yields on assets.

ACCOUNTING POLICY (continued)

- 5.6 Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is recognised when collected.
- 5.7 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are classified as capital receipts and credited to non-distributable reserves. These amounts are released to the income statement over the estimated life of the item of property, plant and equipment acquired.

6. INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT - GAMAP 114

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are set aside from unappropriated surpluses in the Asset Financing Fund (AFF). The cash in the AFF is invested until utilised.

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2005

	<u>2005</u>	<u>2004</u>
1 FUNDS		
Asset financing fund	689,004	689,004
TOTAL STATUTORY FUNDS	<u>689,004</u>	<u>689,004</u>

ASSET FINANCING FUND

MOVEMENT IN THE FUND IS RECONCILED AS FOLLOW

Balance at beginning of year	689,004	689,004
Contributions received	-	-
Cash utilised to finance property, plant and equipment	-	-
Balance at the end of the year	<u>689,004</u>	<u>689,004</u>

The purpose of the asset financing fund is to set aside cash to finance fixed asset additions from internal sources. The contribution to the AFF is based on the integrated development plan financing requirements.

When cash is used to finance property, plant and equipment, a

Corresponding amount is transferred to a non-distributable reserve
(See NOTE 2). Unutilised cash is invested as set out in NOTE 9.

Refer to APPENDIX "A" for more detail

2 NON-DISTRIBUTABLE RESERVES

Capital receipts

- Used to finance property, plant and equipment
- Unutilised

15,227,940	15,610,635
6,699,151	5,056,552

Transfers from asset financing fund used to finance property, plant and equipment

-

TOTAL NON-DISTRIBUTABLE RESERVES

<u>21,927,091</u>	<u>20,667,187</u>
-------------------	-------------------

MOVEMENT CAN BE RECONCILED AS FOLLOW

UNUTILISED CAPITAL RECEIPTS

Balance at beginning of year	5,056,552	4,071,557
Current year receipts	6,187,313	9,188,930
Used to finance current year additions	(4,544,714)	(8,203,935)
Balance at the end of the year	<u>6,699,151</u>	<u>5,056,552</u>

These capital receipts represents government grants, subsidies and contributions from the public and can only be used for the purpose of

acquiring specified property, plant and equipment. These amounts are invested until utilised for the purpose intended. (See NOTE 9).

CAPITAL RECEIPTS (USED TO FINANCE PROPERTY, PLANT AND EQUIPMENT)

Balance at beginning of year	15,610,635	8,637,225
Used to finance current year additions	4,544,714	8,203,935
Transfer to income statement to offset depreciation charge	(1,771,329)	(1,230,525)
Adjustment	(3,706)	
Assets written off	(3,152,384)	
Balance at the end of the year	<u>15,227,930</u>	<u>15,610,635</u>

These amounts represent property, plant and equipment financed by government grants, subsidies and contributions from the public. The intention of the benefactor of these amounts is to subsidise the cost of acquiring property, plant and equipment. Accordingly these amounts are released to the income statement over the estimated useful lives of the property, plant and equipment so financed to offset the relevant depreciation charge. The balance of the reserve is transferred to the income statement when the fixed asset so financed is disposed.

TRANSFERS FROM ASSET FINANCING FUND

Balance at beginning of year	-	-
Used to finance current year additions	-	-
Transfer to income statement to offset depreciation charge	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

These amounts represent property, plant and equipment financed by the AFF. These amounts are released to the income statement over the estimated useful lives of the property, plant and equipment financed from this source to offset the depreciation charge and prevent duplication in expenses.

3 CONSUMER DEPOSITS - SERVICES

Water	-	7,685
TOTAL	<u>-</u>	<u>7,685</u>

4 PROPERTY , PLANT AND EQUIPMENT AT NETT BOOK VALUE

Fully owned property , plant and equipment		
Infrastructure	6,966,536	9,453,655
Community	95,494	102,310
Other	8,168,201	6,053,255
SUB TOTAL	<u>15,230,231</u>	<u>15,609,220</u>
TOTAL	<u>15,230,231</u>	<u>15,609,220</u>

Refer to APPENDIX "B" for more detail

5 INVESTMENTS

UNLISTED

Other	26,478,417	13,449,747
	<u>26,478,417</u>	<u>13,449,747</u>

MARKET VALUE OF LISTED INVESTMENTS

COUNCIL'S EVALUATION OF UNLISTED INVESTMENTS

Other	26,478,417	13,449,747
	<u>26,478,417</u>	<u>13,449,747</u>

ALLOCATION OF EXTERNAL INVESTMENTS

in terms of legislation surplus cash is invested until used for specific purposes.

Investments are allocated on the following basis

Asset financing fund	689,004	689,004
Unutilised capital receipts	6,699,151	5,056,552
Deposits	760	7,685
Operating account	19,089,502	7,696,506
TOTAL	<u>26,478,417</u>	<u>13,449,747</u>

6 LONG TERM DEBTORS

Vehicle loans	656,805	686,017
Sundry loans	1,289,880	706,688
SUBTOTAL	<u>1,946,685</u>	<u>1,392,705</u>

Less

Short-term portion transferred to current assets	(1,494,280)	(888,413)
TOTAL	<u>452,405</u>	<u>504,292</u>

VEHICLE LOANS

These subsidised loans were granted by the council to employees who are required to use own transport in the fulfillment of official duties.

SUNDRY LOANS

This interest free loan refer to equitable share paid by central government to the district municipality on behalf of Msinga municipality as well as amount due by Uthukela water (Pty)Ltd. There is no fixed repayment period. Payments made by the district municipality on behalf of Msinga are set off against the DC municipality loan.

7 CONSUMER DEBTORS

Service debtors		
Rates	3,498,964	2,843,516
Water	-	443,441
Sanitation	-	2,236
Refuse	147,852	130,993
Sundry	3,430	3,125
SUB TOTAL	<u>3,650,246</u>	<u>3,423,311</u>

LESS

Provision for bad debt	3,648,466	3,406,434
TOTAL	<u>1,780</u>	<u>16,877</u>

THE AGEING OF DEBTORS IS AS FOLLOWS**RATES**

Current	(7,191)	(5,489)
30-60 Days	2,205	2,758
61 -90 Days	2,192	2,668
91-120 Days	2,192	2,657

121 – 150 days	2,168	
+ 150 days	3,497,398	2,840,923
TOTAL	3,498,964	2,843,517

SERVICES (WATER, SANITATION AND SUNDRY)

Current	(4,064)	746
30-60 Days	1,703	4,600
61 -90 Days	1,629	4,370
91-120 Days	1,578	4,567
121 – 150 Days	1,637	
+ 150 Days	151,068	565,511
TOTAL	153,551	579,794
TOTAL	3,652,515	3,423,311

BAD DEBT PROVISION

The bad debt provision is calculated on the ageing of debtors.

Council's policy is to provide for 95% on all debtor balances which are outstanding.

8. OTHER DEBTORS

Receiver vat		114,856
Sundries	201,534	199,542
Short term portion of long term debtors	1,494,280	888,413
	1,695,814	1,202,811

9. CREDITORS

Trade creditors	1,190,879	444,089
Deposits: other	670	670
Other	7,995,078	6,058,071
TOTAL	9,186,627	6,502,830

10 ASSESSMENT RATES

Combined	342,713	344,104
TOTAL	342,713	344,104

11 VALUATIONS

Residential	-	
Business / industry	-	
Non ratable – municipal	-	
TOTAL	-	-

No valuations on land are performed.

The valuation roll performs the function of a property register.

A general rate of R90.00per annum is applied to the first 1000 sq m

of property areas. Rates are levied on a monthly as well as annual basis.

12 NET SURPLUS /(DEFICIT) FOR THE YEAR

DEPRECIATION

Fully owned property , plant and equipment

Infrastructure

Other

SUB TOTAL

TOTAL DEPRECIATION

2,618,955	2,264,393
963,560	800,895
807,769	429,540
1,771,329	1,230,525
1,771,329	1,230,525

COUNCILLORS' REMUNERATION

Mayor's allowance

Deputy mayor's allowance

Councillors' allowance

Executive committee's allowance

Allowance personal facilities

Allowance personal transport

Allowance personal telephone

Councillors' pension contribution

Councillors' medical aid contribution

TOTAL COUNCILLORS' ALLOWANCE

67,067	63,271
53,654	50,617
694,484	705,496
240,694	189,936
96,121	90,542
264,429	233,044
243,750	217,627
132,248	135,913
170,693	205,643
1,964,140	1,892,089

INVESTMENT INCOME

Interest received

Rental received

TOTAL INVESTMENT INCOME

1,478,208	1,273,968
56,909	76,258
1,535,117	1,350,226

CONTRIBUTIONS TO PROVISIONS

Staff leave

TOTAL CONTRIBUTIONS

36,040	96,340
36,040	96,340

AUDITORS REMUNERATION

Fees for audit

Expenses

Prior year (over) / under provision

TOTAL AUDITORS REMUNERATION

265,717	159,625
265,717	159,625

ABNORMAL EXPENSES

Additional staff leave provision

TOTAL ABNORMAL EXPENSES

-	-
-	-

PROVINCIAL AND CENTRAL GOVERNMENT SUBSIDIES

Inter-governmental transfers

TOTAL PROVINCIAL AND CENTRAL GOVERNMENT SUBSIDIES

17,700,000	14,163,000
17,700,000	14,163,000

13 REVENUE

Assessment rates	342,713	344,104
Revenue from tariffs	-	235,720
Government grants and subsidies	18,550,991	15,072,485
Interest	1,478,208	1,273,968
Rental income	56,909	76,258
Other income	486,442	236,024
TOTAL INCOME	20,915,263	17,238,559

14 TRANSFER FROM NON- DISTRIBUTUTAL RESERVES

Transfers from capital receipts utilised to finance fixed assets	4,544,714	8,203,935
transfers from asset financing fund utilised to finance fixed asset additions (see NOTES 1 and 2)		-
TOTAL OF TRANSFERS	4,544,714	8,203,935

15 CASH GENERATED BY OPERATIONS

Nett surplus for the year	2,618,957	2,264,393
Adjustments for :-		
Previous year operating transactions	411,241	
Depreciation	1,771,329	1,230,524
Assets written off		
Investment income	(1,078,595)	(1,273,968)
Depreciation adjustment – water tanker	(3,706)	
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES	3,719,226	2,220,949
Increase / (decrease) in debtors	(480,175)	1,724,766
Increase / (decrease) in other debtors		
Increase / (decrease) in provisions	36,040	(79,666)
Increase / (decrease) in creditors	2,683,797	550,978
CASH GENERATED BY OPERATIONS	5,958,888	4,417,027

16 CASH AND CASH EQUIVALENTS

Balance at end of year	29,026,508	20,301,225
Balance at beginning of year	20,301,225	13,798,033
NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS	8,724,283	6,503,192

17 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure approved but not yet contracted for	6,375,000	9,180,000
TOTAL CAPITAL COMMITMENTS	6,375,000	9,180,000
This expenditure will be financed from :		
Internal sources		
External sources	6,375,000	9,180,000
TOTAL OF FINANCE SOURCES	6,375,000	9,180,000

18 CONTINGENT LIABILITIES

There are no contingent liabilities

ANNEXURE: A**ANALYSIS OF FIXED ASSETS AS AT 30 JUNE 2005**

	COST		ACCUMULATED DEPRECIATION		
	OPENING BALANCE	CLOSING BALANCE	OPENING BALANCE	CLOSING BALANCE	
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSALS	
SERVICE					
INFRASTRUCTURE					
DAMS & BOREHOLES	134,880	0	134,880	0	33,825
CONSTRUCTION WORKS	7,961,846	1,628,827	0	963,560	0
SEWER RETICULATION	3,428,865	0	3,428,865	-	1,228,131
WATER RETICULATION	1,396,960	0	1,396,960	-	546,365
MACHINERY	97,564	0	0	97,564	0
VEHICLES AND	117,724	0	0	117,724	0
TRACTORS					117,724
	13,137,849	1,628,827	4,960,705	963,560	1,808,321
					2,839,423
COMMUNITY					
BUILDINGS	111,974	0	0	3,732	0
FURNITURE	18,727	0	0	1,623	0
TOOLS	9,680	0	0	1,462	0
	140,381	0	0	6,817	0
					44,888
OTHER					
FENCING	584,029	0	0	132,017	0
BUILDINGS	2,290,152	2,238,888	0	85,503	0
AIR CONDITIONERS	134,252	0	0	19,180	0
CONSTRUCTION WORKS	4,622	0	0	372	0
FURNITURE	465,569	14,113	0	46,268	0
OFFICE AND ACC.	1,079,880	406,314	0	224,327	0
MACHINES	7,334	26,667	0	297	0
TOOLS	52,652	0	0	7,521	0
MACHINERY					
VEHICLES AND	2,038,590	229,905	0	285,036	0
TRACTORS	2,150	0	0	431	0
CELL PHONES & RADIOS					860
	6,659,230	2,915,887	0	800,952	0
					1,406,916
TOTAL	19,937,460	4,544,714	4,960,705	1,771,329	1,808,321
					4,291,227

ANNEXURE: B

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - NET BOOK VALUE AS AT 30 JUNE 2005

<u>PREV. YEAR EXPENDITURE</u>	<u>SERVICE</u>	<u>OPENING BALANCE</u>	<u>EXPEND.</u>	<u>DEPREC./ DISPOSALS</u>	<u>CLOSING BALANCE</u>
8 203 932	RATES AND GENERAL SERVICES	18,095,619	4,544,714	7,720,092	15,230,231
7 432 200	COMMUNITY SERVICES	12,346,569	4,544,714	3,102,867	14,098,406
26 873	COUNCIL GENERAL	492,158	26,668	148,801	370,025
188 912	MUNICIPAL MANAGER	49,647	8,990	18,013	40,614
494 253	CORPORATE SERVICES	577,265	500,993	241,111	837,147
	PROPERTY SERVICES	2,328,902	1,608,634	225,979	3,711,557
	TOURISM	38,183		9,707	28,476
826 099	COMMUNITY HALLS	130,702	722,273	245,407	917,568
60 737	COMMUNITY SERVICES	826,099	310,000	38,253	787,846
5 835 326	FIRE/EMERGENCY SERVICE	9,680		6,634	3,046
	FINANCE	534,040	47,394	215,371	366,063
	TECHNICAL SERVICES	129,388	935	58,788	71,535
	ROADS	7,230,505	1,628,827	1,894,803	6,964,529
771 732	ECONOMIC SERVICES	5,749,050		4,617,225	1,131,825
771 732	SEWERAGE	3,428,866		3,428,866	-
	REFUSE REMOVAL	2,320,184		1,188,359	1,131,825
	TRADING SERVICES	1,841,842	310,000	1,531,842	-
	WATER DISTRIBUTION	618,211		618,211	-
	WATER STORAGE	1,223,631	310,000	913,631	-
8 203 932		19,937,461	4,544,714	9,251,394	15,230,231

ANNEXURE: C**ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR
ENDING 30 JUNE 2005**

ACTUAL PREVIOUS		ACTUAL CURRENT	BUDGET CURRENT
REVENUE			
15,072,485	GOVERNMENT/PROVINCIAL GRANTS/SUBSIDIES	18,550,991	18,312,000
2,166,074	OPERATING INCOME	2,364,272	
344,104	RATES INCOME	342,713	30,000
91,708	SALE OF WATER	-	
1,730,262	OTHER INCOME	2,021,559	1,405,000
<u>17,238,559</u>	TOTAL	<u>20,915,263</u>	<u>19,747,000</u>
EXPENDITURE			
5,331,391	SALARIES AND ALLOWANCES	6,267,693	6,807,536
7,331,510	GENERAL EXPENDITURE	9,570,917	10,307,877
0	BULK PURCHASES: WATER	0	
7,280,190	OTHER	9,570,917	10,307,877
144,147	REPAIRS AND MAINTENANCE	25,583	165,100
1,230,525	DEPRECIATION	1,771,329	1,295,400
936,593	CONTRIBUTIONS TO RESERVES	660,784	1,170,000
<u>14,974,166</u>	TOTAL	<u>18,296,306</u>	<u>19,745,913</u>
2,264,393	NET SURPLUS FOR THE YEAR	2,618,957	1,087

ANNEXURE: D
SEGMENTED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2005

ACTUAL INCOME 2003/2004	ACTUAL EXPEND. (DEFICIT) 2003/2004	SURPLUS (DEFICIT) 2003/2004	ACTUAL INCOME	ACTUAL EXPEND.	SURPLUS (DEFICIT)	ESTIMATED SURP./DEF.
17,123,757	14,317,705	2,806,052	20,915,263	18,296,306	2,618,957	717,337
17,093,693	13,632,012	3,461,681	20,889,220	17,937,647	2,951,573	1,630,627
1,273,967	3,605,879	(2,331,912)	1,478,207	3,562,779	(2,084,571)	(2,738,446)
623,658	623,658	ASSESSMENT RATES	678,339	678,339	678,339	(275,964)
15,072,485	2,543,152	12,529,333	17,851,000	2,055,708	15,795,291	14,042,400
	664,342	(664,342)		979,592	(979,592)	(803,330)
	2,431,440	(2,431,440)		2,642,166	(2,642,166)	(2,249,383)
51,884	594,342	(542,458)	39,224	909,298	(870,074)	(725,000)
	2,945	(2,945)		8,045	(8,045)	(27,000)
	83,246	(83,246)		91,611	(91,611)	(252,210)
47,325	515,676	(468,351)	824,764	3,086,590	(2,261,826)	(410,000)
	156,822	(156,822)		405,996	(405,996)	(949,760)
	33,950	(33,950)		79,883	(79,883)	(142,000)
	6,882	(6,882)		42,219	(42,219)	(70,000)
	765,658	(765,658)		736,947	(736,947)	(851,400)
	1,051,232	(1,051,232)		1,549,907	(1,549,907)	(1,793,650)
24,374	406,800	(382,426)	17,684	740,812	(723,128)	(686,630)
	419,088	(419,088)		39,535	(39,535)	(130,000)
	17,703	(17,703)		3,506	(3,506)	(39,000)
	332,855	(332,855)		1,003,053	(1,003,053)	(268,000)
	4,907	(4,907)		5,353	(5,353)	(5,000)
	4,907	(4,907)		5,353	(5,353)	(5,000)

